

COMMONWEALTH OF MASSACHUSETTS
Department of Telecommunications and Energy

**RESPONSE OF THE ATTORNEY GENERAL TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE
BAY STATE GAS COMPANY
D.T.E. 05-27**

Dated: August 1, 2005

Responsible Party: David Effron

BSG-AG-1-13 Is it correct that the ARAM amortization, as defined by Section 203(e) of the Tax Reform Act of 1986, varies annually depending on reversing timing differences. What impact does this have on the annual amortization?

Response: The ARAM does not entail any “amortization.” Rather, the ARAM specifies that the deferred taxes on the reversing timing differences should be calculated using the same average rate as was applied to the originating timing differences.